

**REQUEST FOR PROPOSALS
COMMERCIAL LEASE OF STATE SCHOOL TRUST LAND**

<u>Oil Pipeline Pump Station Site</u> <u>Phillips County, Montana</u>
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**Montana Department of Natural Resources and Conservation
Northeastern Land Office-Glasgow Unit
May 25, 2011**

Deadline to Submit Proposal: **June 29, 2011**

1.1 Introduction

The Montana Department of Natural Resources and Conservation (DNRC) hereby requests lease proposals for the lease of a tract of state school trust land for the purpose of an oil pipeline pump station site.

The site is approximately 55 miles north-northeast of the town of Malta, Montana, and is comprised of approximately 11.99 acres located within Section 9 in Township 37 North, Range 32 East, MPM, near Morgan, Phillips County, Montana, that is more particularly described on Exhibit A.

The site is currently leased for agricultural purposes, lease number 9352, and a lessee settlement may be required.

1.2 Inspection

An on-site inspection of the property is recommended. Site visits can be arranged with:

Hoyt Richards (406) 228-2430 hrichards@mt.gov

1.3 Lease Proposal Limitations

All Lease Proposals must comply with the following limitations and requirements:

1. The use of the property must not reduce the value of the tract.
2. Storage or disposal of any toxic, hazardous or deleterious substances must comply with applicable local, state, and federal laws and regulations.
3. The use of the property must comply with local, state, and federal laws and regulations.
4. The Lessee(s) selected for the site will be required to obtain all required development permits from the Local Municipality and/or County.
5. The Lessee will be solely responsible for all costs to be incurred in the design, development, construction, operation and maintenance of all improvements upon the tract. The State will not be held liable for any costs incurred by the Lessee or any Proposer in the preparation of any proposal, negotiation for lease, or procurement of financing for any portion of the Lease Proposal or lease.
6. The Lessee will be solely responsible for all design, installation, and costs for connecting to and using any and all utilities (water, sewer, electricity, phone, natural gas, etc) to serve the proposed improvements.
7. The Lessee will be responsible for the payment of all taxes, assessments, levies, fees, or other governmental charges assessed upon any property owned by the lessee.
8. The Lessee will be responsible for any special improvement district assessments associated with the property.
9. The Lessee will be responsible for obtaining all necessary licenses or permits required by any governmental authority prior to and throughout the operation of the project.
10. Any proposal not meeting these limitations or other criteria set out in this offering will be rejected at the discretion of DNRC.
11. DNRC reserves the right to waive technical defects in this RFP.

12. Upon expiration or cancellation of the lease, the DNRC reserves the right to require the Lessee to remove and or reclaim all authorized improvements constructed on the parcel during the term of this lease, at the expense of the Lessee.
13. Per MCA 77-1-906(2), upon expiration or cancellation of the lease, title to all permanent improvements and fixtures located on the leased property and used in the operation and maintenance of the enterprise vests to the state.
14. At the discretion of the DNRC and dependent on the proposed use and possible risks, a performance bond may be required as part of the lease agreement.
15. DNRC may consider subdividing the property at the Proposer's cost if the agency deems a proposal warrants.
16. DNRC reserves the right to request additional information and data from the Proposer to ascertain Proposer's capabilities and desire to develop the property.
17. DNRC reserves the right to impose special lease conditions and modify the standard terms recited in the lease agreement as deemed necessary to implement the selected proposal, and to protect the interests of trust beneficiaries.
18. DNRC further reserves the right to reject, at any time before a lease is executed, any application, proposal, or bid determined by DNRC to be contrary to the best interests of the State.

1.4 Submission of Lease Proposals

To be eligible for consideration, Proposers must submit or deliver a sealed copy of their Lease Proposal as one, printed hard-copy proposal, and in an electronic format, such as on a CD or flash drive. Electronic files should be Microsoft-based, such as Word, Excel, etc. The proposal should be sent to the following mailing address:

MICHAEL SULLIVAN
DNRC - REMB
1625 11TH AVE
HELENA MT 59601
406.444.6660

1.5 Deadline for Receipt of Lease Proposal

The Lease Proposal should be mailed in a sealed envelope. A label must be attached to the outside top left corner beneath the bidder's return address should say:

**Sealed Bid
Pipeline Pump Station Site
Open After June 29, 2011**

Proposals must be mailed or delivered so that they are physically received by the DNRC by the close of business at 5:00 p.m. on June 29, 2011, to be eligible for consideration. Failure to meet the deadline will result in disqualification of the proposal without review.

DNRC assumes no liability for incorrect addresses or failed delivery of Lease Proposal packages by public or private carriers. For expedited delivery, Proposers should make arrangements with the project manager.

1.6 Costs of Preparing Lease Proposal

It is the responsibility of the successful Proposer to obtain private financing for all costs associated with the design, construction and operation of your proposal. The Proposer assumes the risk of loss in the submission of any proposal or its operation. DNRC is not liable for any costs or consequential damages incurred by Proposers in proposal preparation, negotiations, or any other costs that may result from activities in connection with this Lease Proposal.

1.7 Development Costs

If there is a Special Improvement District, the lessee will be responsible for payment of the SID fees owing. In addition, the lessee will be responsible for all costs associated with development of the property.

1.8 Realtor Participation

Regardless of realtor participation the DNRC shall not pay any real estate commission, fee or other similar charge to a realtor, agent or broker.

1.9 Confidentiality of Proposals

All materials submitted become the property of the DNRC. Information identified as proprietary shall remain confidential only upon written request of the Proposer. Confidentiality requests will be reviewed for applicability and will be approved subject to review by DNRC legal counsel. At bid opening all information deemed not to be confidential will become public information.

1.10 Lease Format & Term

Pursuant to Section 77-6-109, MCA, and Section 77-6-205, MCA, DNRC may issue a lease to the successful Proposer for a term of up to 99 years. Be advised that the first term is negotiated with the Proposer and is often based on lender needs and/or the expected life of the project. First terms are most often 20-40 years, with 5-year or 10-year renewal terms cumulatively making a 99-year term. The final lease agreement will be drafted to reflect the Proposer's Lease Proposal. However, the lease will contain the entire agreement between the parties, and the lease proposal shall not be deemed to be a part of the agreement between the parties unless so designated in the lease. The Lessee will have a reasonable period of time in which to review, negotiate, and accept the final lease agreement. Additionally, the action proposed in the lease must have a review under the Montana Environmental Policy Act (MEPA). This review must be completed before the lease will be signed and executed; the length of the review is dependent upon the complexity of the proposed use/action.

1.11 Insurance and Indemnification

The selected Lessee will be required to obtain general liability insurance that lists the Lessee and the State as co-insured for all its activities upon the tract. DNRC reserves the right to stipulate coverage based upon the nature of the Lease Proposal. The Lessee will be required to indemnify the State of Montana for all damages it incurs due to any actions of the Lessee. The selected Lessee will also be required to obtain property insurance in an amount sufficient to repair or replace improvements to the parcel. Such certificates of insurance will be held by a Trustee of Insurance to guarantee that the proceeds of such policies are allocated for their intended purposes.

1.12 Right of Rejection

DNRC may reject any or all proposals for a lease, at any time before the lease is executed, when it is in the best interest of the State and trust beneficiaries to do so.

CHAPTER 2 - LEASE PROPOSAL FORMAT

Any request for information by DNRC to the Proposer is solely for the purpose of selecting a proposal and understanding its terms. Such a request shall not be considered to constitute a binding agreement or commitment by DNRC in any manner. Criteria for ranking and selecting a proposal are presented in this Section and in Attachment B and Attachment C.

2.1 Transmittal Letter, Application Fee

Each application shall include a letter of transmittal which:

1. Lists the complete name and address of the Proposer(s).
2. Lists the name, address, business telephone number, and electronic mail address of an authorized representative who can be contacted by DNRC concerning the proposal.
3. Includes the notarized signature of the individual authorized to bind the Proposer. If the Proposer is a corporation, the application must include a copy of the corporate resolution authorizing the officer or agent to bind the corporation. Applications signed by an attorney-in-fact must include a copy of their power of attorney to bind the principal. If the Proposer is a governmental agency, the signature must be that of a person (or persons) legally authorized to execute documents on behalf of the governing body.

- Proof of authority to bind the governing body shall be included.
4. A non-refundable \$50.00 lease application fee.
 5. This transmittal letter will be considered the Proposer's application for lease through Proposer's Lease Proposal.

2.2 Summary of Proposal

The Proposer should provide the following information as a summary of the proposal:

1. Description of proposed use, including lot size and configuration desired;
2. Compatibility of proposed project with surrounding uses;
3. Lease term desired.

2.3 Statement of Qualifications, Training, Experience, and Education

Each Proposer shall list and describe the individuals who will directly oversee the operation and maintenance of the proposed project. The application shall include a statement of qualifications and prior experience for each such individual involved. Each statement of qualifications must discuss the person's training, experience, or education that relates to the proposed project. When the Proposer proposes that separate legal entities will possess combined management, fiscal, or legal responsibilities, the application shall describe the legal relationship between the entities. Provide names and addresses of references.

2.4 Site Plan, Construction, and Operation

All proposed buildings, infrastructure, landscaping and other improvements to the property must conform to all land use regulations of the City and/or County in which the parcel resides. Proposals must be planned with adequate access, drainage and storm water run-off retention/detention so as to meet any jurisdictional authority's requirements. The successful Proposer will be asked to provide proof of acceptance of plans as to this requirement prior to beginning any construction.

The Proposer should include conceptual plans of the following:

- A. The activities to be conducted, with a site plan to include the following:
 1. Proposed uses, location, and scale;
 2. Typical rendering or elevation of buildings including building materials & color;
 3. Identify the expected decibel level of pump station operation.
 4. Location of roads;
 5. Landscape and lighting plan;
 6. Phasing plan, if any;
 7. Other related or noteworthy features.
- B. The anticipated schedule and plan for construction of the improvements on the state tract.
- C. The number, type, location, and estimated cost of proposed improvements to the site.

DNRC retains site plan review and approval authority.

2.5 Compensation Paid to State (Lease Rental)

The Proposer should detail the planned compensation to DNRC for lease of the site, including the payment period, escalation, and other types of payments. Escalation will be determined using the previous year's rental payment as a base.

The advertised minimum lease rate for the site is \$15,000.00 per year for the entire 11.99-acre parcel.

DNRC reserves the right to reject any and all bids if the proposed rental is not in the best interest of the State and trust beneficiaries, and the right to negotiate the final lease rental rate with the Proposer selected for the site.

2.6 Conflict of Interest

Pursuant to Section 77-1-113, MCA, it is unlawful for members of the State Board of Land Commissioners and officers and employees of the Montana Department of Natural Resources and Conservation to purchase or lease, directly or indirectly, any lands of the State. Proposers shall disclose whether such a member, officer or employee:

1. Has assisted the Proposer as counsel, consultant, representative, or agent at any time; or
2. Has a financial interest in the Lease Proposal; or,
3. Has solicited or accepted employment with the Proposer; or,
4. Has engaged in any financial transaction for private purposes with the Proposer.

Failure to disclose any of the above-described facts where they have occurred shall result in cancellation of the special lease if awarded to the Proposer.

ATTACHMENT A

ATTACHMENT A – LOCATION AND SITE MAPS

The site is comprised of 11.99 acres in the northwest quarter of section 9, Township 37 North, Range 32 East, P.M.M., Phillips County, Montana. The site is more particularly described as follows:

BEGINNING at a 2 inch iron pipe with a 2 ½ inch General Land Office (GLO) brass cap found marking the northwest corner of said Section 9 and the northwest corner of the herein described Site;

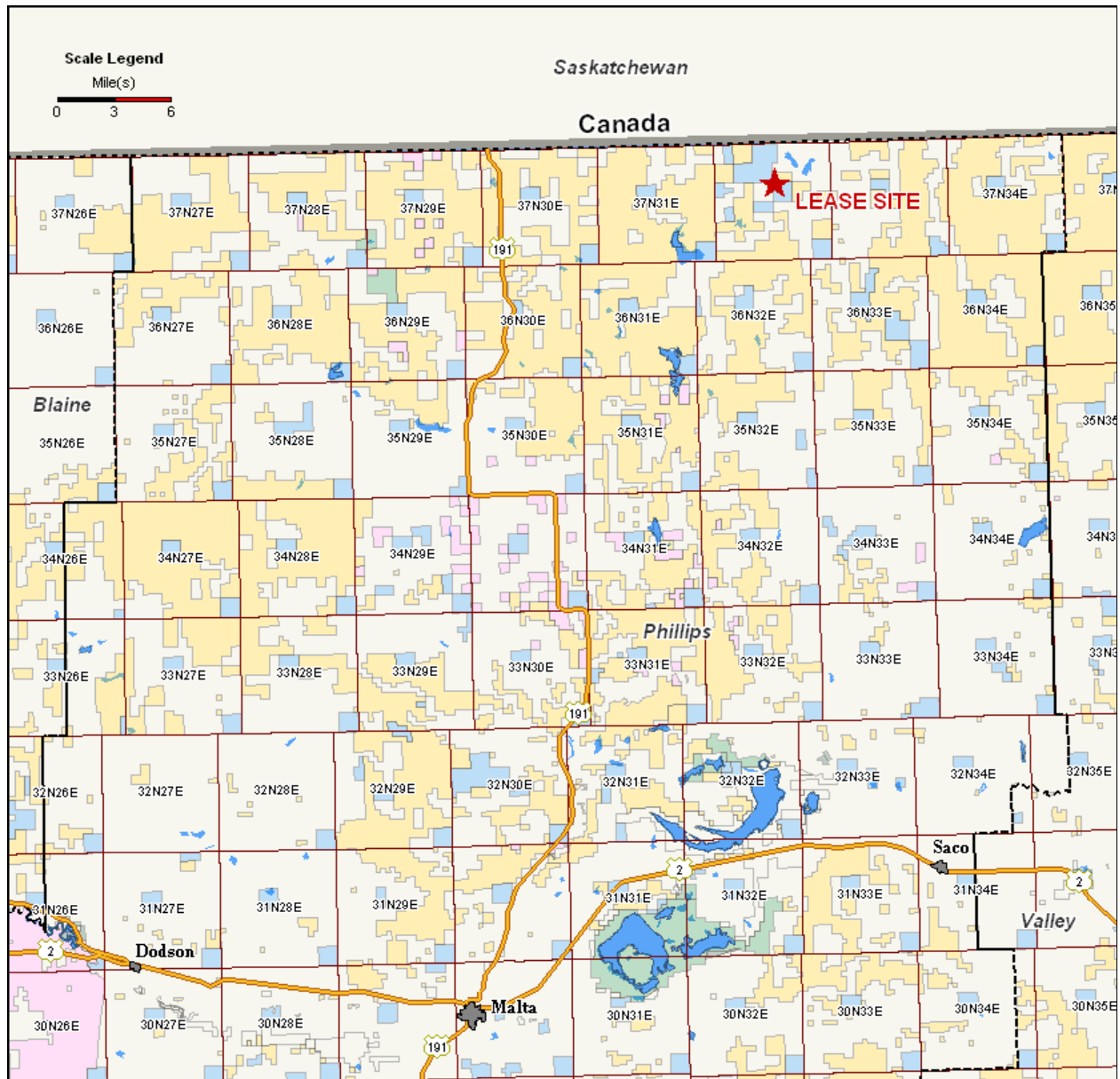
THENCE South 88° 01' 04" East, along the north line of the said Section 9, a distance of 1,195.14 feet to a 5/8 inch iron rod with cap, marked LS 18587 UEI, set marking the northeast corner of the herein described Site, from which a 1 inch iron pipe with 2 1/2 inch GLO brass cap found marking the north one quarter corner of said Section 9, bears South 88° 01' 04" East, a distance of 1,455.68 feet;

THENCE South 38° 05' 22" East, along a line 27 feet southwesterly of and parallel with an existing Northern Border Pipeline, a distance of 503.11 feet to a 5/8 inch iron rod with cap, marked LS 18587 UEI, set 385.00 feet south of the north line of said Section 9, marking the southeast corner of the herein described Site;

THENCE North 88° 01' 04" West, along a line 385.00 feet southerly of and parallel with the north line of said Section 9, a distance of 1,518.19 feet to a 5/8 inch iron rod with cap, marked LS 18587 UEI, set in the west line of said Section 9, marking the southwest corner of the herein described Site;

THENCE North 01° 51' 30" East, along the west line of said Section 9, a distance of 385.00 feet to the POINT OF BEGINNING and containing 11.99 acres of land, more or less.

Location Map



Site Map



ATTACHMENT B

Evaluation Summary

(NAME OF PROPOSAL)

Proposal submitted by: _____

			<u>Max. Points</u>	<u>Awarded Points</u>
2.1	Transmittal Letter	Complete	Yes / No	
2.2	Summary of Proposal		400	_____
2.3	Qualifications		300	_____
2.4	Site Plan, Construction, & Operation		200	_____
2.5	Compensation Paid to State		600	_____
2.6	Conflict of Interest		Yes / No	
	Total		1,500	_____

Conclusion:

— Proposal is acceptable for Lease Agreement

Comments:

— Proposal is unacceptable for Lease Agreement

Comments:

Evaluated by: (print) _____

Signed: _____ Date: _____

ATTACHMENT C

Special Lease Proposal Evaluation Criteria

(NAME OF PROPOSAL)

Proposal submitted by: _____

2.1	<u>Transmittal Letter</u>	<u>Complete</u>	<u>Incomplete</u>
	Name and address of Proposer(s)	_____	_____
	Notarized Signature	_____	_____
	Application Fee	_____	_____
2.2	<u>Summary of Proposal</u>	<u>Max. Points</u>	<u>Awarded Points</u>
	Description of Proposed Use	175	_____
	Compatibility with Surrounding Uses	175	_____
	Lease Term (20-40 years)	50	_____
	Subtotal	400	_____
2.3	<u>Qualifications, Experience</u>	<u>Max. Points</u>	<u>Awarded Points</u>
	Statement of Qualifications	150	_____
	Prior Experience	150	_____
	Subtotal	300	_____

Evaluator Initials _____

2.4	<u>Site Plan, Constr., & Operation</u>	<u>Max. Points</u>	<u>Awarded Points</u>
	Site Plan	100	_____
	Proposed Construction & Operation Schedule	50	_____
	Value/Quality of Improvements	50	_____
	Subtotal	200	_____
2.5	<u>Compensation Paid to State</u>	<u>Max. Points</u>	<u>Awarded Points</u>
	NPV of Total Base Compensation (Highest bid = 500 points, others = % of high bid x 500)	500	_____
	Other Compensation	100	_____
	Subtotal	600	_____
2.6	<u>Conflict of Interest</u>	<u>Yes</u>	<u>No</u>
	Disclosure statement included	_____	_____
	Conflict of interest	_____	_____

Evaluator Initials_____